



HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2003
OF THE CONDITION AND AFFAIRS OF THE

Priority Health

NAIC Group Code	3383 <small>(Current Period)</small>	3383 <small>(Prior Period)</small>	NAIC Company Code	95561	Employer's ID Number	38-2715520
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health []		Property/Casualty []		Dental Service Corporation []	
	Vision Service Corporation []		Other []		Health Maintenance Organization [X]	
	Hospital, Medical & Dental Service or Indemnity []		Is HMO, Federally Qualified? Yes [] No [X]			
Incorporated	03/07/1986		Commenced Business	10/15/1986		
Statutory Home Office	1231 East Beltline NE <small>(Street and Number)</small>			Grand Rapids, MI 49525-4501 <small>(City or Town, State and Zip Code)</small>		
Main Administrative Office	1231 East Beltline NE <small>(Street and Number)</small>			616-464-8235 <small>(Area Code) (Telephone Number)</small>		
	Grand Rapids, MI 49525-4501 <small>(City or Town, State and Zip Code)</small>					
Mail Address	1231 East Beltline NE <small>(Street and Number or P.O. Box)</small>			Grand Rapids, MI 49525-4501 <small>(City or Town, State and Zip Code)</small>		
Primary Location of Books and Records	1231 East Beltline NE <small>(Street and Number)</small>			616-464-8235 <small>(Area Code) (Telephone Number)</small>		
	Grand Rapids, MI 49525-4501 <small>(City or Town, State and Zip Code)</small>					
Internet Website Address	www.priority-health.com					
Statutory Statement Contact	Malcolm Hall <small>(Name)</small>			616-464-8235 <small>(Area Code) (Telephone Number) (Extension)</small>		
	malcolm.hall@priority-health.com <small>(E-mail Address)</small>			616-942-7916 <small>(FAX Number)</small>		
Policyowner Relations Contact						

OFFICERS

President	Kimberly K Horn	Secretary	Judith W Hooyenga
Treasurer	Dennis J Reese		

VICE PRESIDENTS

Dennis J Reese		
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DIRECTORS OR TRUSTEES

Richard C. Breon	Joseph L Brock	Harold E Burrell
Gaylen J Byker	James H Childress	Kenneth J Fawcett
Michael P Freed	Jon M Gans	David E Gast
Gail D Gwizdala	Jerold R Harwood	Edward A Higuera
Nicholas P Kokx	Lynn M Kotecki	Peter B Lundeen
Charles E McCallum	George N Monsma	Timothy V Smith
Hilary F Snell	Dale M Sowders	Jody D Vanderwel
Thomas J Wesholski #	David B Johnson #	Dennis Aloia #
Daniel H Baldwin #	Stephen W Burkhammer #	

State ofMichigan.....

County ofKent.....

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The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Kimberly K Horn
President

Judith W Hooyenga
Secretary

Dennis J Reese
Treasurer

Subscribed and sworn to before me this
27th day of February, 2004

Cheryl Britcher
Executive Administrative Assistant
12/30/2005

a. Is this an original filing?
b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

Yes [X] No []

02/26/2004

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Priority Health

EXHIBIT 3 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

[illegible]

EXHIBIT 4 - HEALTH CARE RECEIVABLES

[illegible]

EXHIBIT 5 – CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Priority Health

EXHIBIT 6 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Priority Health

EXHIBIT 7 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

[illegible]

EXHIBIT 9 – FURNITURE, EQUIPMENT AND SUPPLIES OWNED

	1	2	3	4	5	6
Description	Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
1. Administrative furniture and equipment	4,239,144		4,108,325	130,818	130,818	
2. Medical furniture, equipment and fixtures						
3. Pharmaceuticals and surgical supplies						
4. Durable medical equipment						
5. Other property and equipment	7,111,111		6,637,510	473,601	451,035	22,567
6. Total	11,350,255	0	10,745,835	604,419	581,853	22,567



ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Priority Health

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION Priority Health 2. _____

NAIC Group Code		3383		BUSINESS IN THE STATE OF Michigan		DURING THE YEAR 2003								NAIC Company Code		95561	
		1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13			
			2	3													
		Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other			
Total Members at end of:																	
1. Prior Year		288,535	207	288,328													
2. First Quarter		311,254	630	310,624													
3. Second Quarter		324,818	742	324,076													
4. Third Quarter		331,736	777	330,959													
5. Current Year		335,480	786	334,694													
6. Current Year Member Months		3,866,469	8,624	3,857,845													
Total Member Ambulatory Encounters for Year:																	
7. Physician		2,116,838	4,722	2,112,116													
8. Non-Physician		57,399	127	57,272													
9. Total		2,174,237	4,849	2,169,388	0	0	0	0	0	0	0	0	0	0			
10. Hospital Patient Days Incurred		73,574	164	73,410													
11. Number of Inpatient Admissions		19,725	44	19,681													
12. Health Premiums Collected		778,558,571	2,355,882	776,202,689													
13. Life Premiums Direct		0															
14. Property/Casualty Premiums Written		0															
15. Health Premiums Earned		774,991,147	2,344,690	772,853,805						(204,946)				(2,402)			
16. Property/Casualty Premiums Earned		0															
17. Amount Paid for Provision of Health Care Services		622,614,010	1,919,695	619,759,387						934,928							
18. Amount Incurred for Provision of Health Care Services		676,408,040	1,959,439	675,032,026						(583,425)							

(a) For health business: number of persons insured under PPO managed care products _____ and number of persons under indemnity only products _____



ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Priority Health

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION Priority Health 2. _____ (LOCATION)

NAIC Group Code	3383	BUSINESS IN THE STATE OF Consolidated		DURING THE YEAR 2003							NAIC Company Code		95561
	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	288,535	207	288,328	0	0	0	0	0	0	0	0	0	0
2. First Quarter	311,254	630	310,624	0	0	0	0	0	0	0	0	0	0
3. Second Quarter	324,818	742	324,076	0	0	0	0	0	0	0	0	0	0
4. Third Quarter	331,736	777	330,959	0	0	0	0	0	0	0	0	0	0
5. Current Year	335,480	786	334,694	0	0	0	0	0	0	0	0	0	0
6. Current Year Member Months	3,866,469	8,624	3,857,845	0	0	0	0	0	0	0	0	0	0
Total Member Ambulatory Encounters for Year:													
7. Physician	2,116,838	4,722	2,112,116	0	0	0	0	0	0	0	0	0	0
8. Non-Physician	57,399	127	57,272	0	0	0	0	0	0	0	0	0	0
9. Total	2,174,237	4,849	2,169,388	0	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	73,574	164	73,410	0	0	0	0	0	0	0	0	0	0
11. Number of Inpatient Admissions	19,725	44	19,681	0	0	0	0	0	0	0	0	0	0
12. Health Premiums Collected	778,558,571	2,355,882	776,202,689	0	0	0	0	0	0	0	0	0	0
13. Life Premiums Direct	0	0	0	0	0	0	0	0	0	0	0	0	0
14. Property/Casualty Premiums Written	0	0	0	0	0	0	0	0	0	0	0	0	0
15. Health Premiums Earned	774,991,147	2,344,690	772,853,805	0	0	0	0	0	(204,946)	0	0	0	(2,402)
16. Property/Casualty Premiums Earned	0	0	0	0	0	0	0	0	0	0	0	0	0
17. Amount Paid for Provision of Health Care Services	622,614,010	1,919,695	619,759,387	0	0	0	0	0	934,928	0	0	0	0
18. Amount Incurred for Provision of Health Care Services	676,408,040	1,959,439	675,032,026	0	0	0	0	0	(583,425)	0	0	0	0

(a) For health business: number of persons insured under PPO managed care products 0 and number of persons under indemnity only products 0

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SCHEDULE A VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value, December 31, prior year (prior year statement)	714,177
2. Increase (decrease) by adjustment:	
2.1 Totals, Part 1, Column 10	(159,789)
2.2 Totals, Part 3, Column 7	0
3. Cost of acquired, (Totals, Part 2, Column 6, net of encumbrances (Column 7) and net of additions and permanent improvements (Column 9)	0
4. Cost of additions and permanent improvements:	
4.1 Totals, Part 1, Column 13	0
4.2 Totals, Part 3, Column 9	0
5. Total profit (loss) on sales, Part 3, Column 14	0
6. Increase (decrease) by foreign exchange adjustment:	
6.1 Totals, Part 1, Column 11	0
6.2 Totals, Part 3, Column 8	0
7. Amounts received on sales, Part 3, Column 11 and Part 1, Column 12	0
8. Book/adjusted carrying value at end of current period	554,388
9. Total valuation allowance	
10. Subtotal (Lines 8 plus 9)	554,388
11. Total nonadmitted amounts	83,159
12. Statement value, current period (Page 2, real estate lines, current period)	471,229

SCHEDULE B VERIFICATION BETWEEN YEARS

1. Book value/recorded investment excluding accrued interest of mortgages owned, December 31 of prior year	
2. Amount loaned during year:	
2.1 Actual cost at time of acquisitions	
2.2 Additional investment made after acquisitions	
3. Accrual of discount and mortgage interest points and commitment fees	
4. Increase (decrease) by adjustment	
5. Total profit (loss) on sale	
6. Amounts paid on account or in full during the year	
7. Amortization of premium	
8. Increase (decrease) by foreign exchange adjustment	
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	
10. Total valuation allowance	
11. Subtotal (Lines 9 plus 10)	
12. Total nonadmitted amounts	
13. Statement value of mortgages owned at end of current period	

SCHEDULE BA VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	3,520,750
2. Cost of acquisitions during year:	
2.1 Actual cost at time of acquisitions	
2.2 Additional investment made after acquisitions	2,010,000 2,010,000
3. Accrual of discount	
4. Increase (decrease) by adjustment	(336,409)
5. Total profit (loss) on sale	
6. Amounts paid on account or in full during the year	
7. Amortization of premium	
8. Increase (decrease) by foreign exchange adjustment	
9. Book/adjusted carrying value of long-term invested assets at end of current period	5,194,341
10. Total valuation allowance	
11. Subtotal (Lines 9 plus 10)	5,194,341
12. Total nonadmitted amounts	
13. Statement value of long-term invested assets at end of current period	5,194,341

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Priority Health

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Class 1	46,246,172	16,107,897				62,354,069	53.9	38,542,665	54.4	62,354,069	
1.2 Class 2						0	0.0	0	0.0		
1.3 Class 3						0	0.0	0	0.0		
1.4 Class 4						0	0.0	0	0.0		
1.5 Class 5						0	0.0	0	0.0		
1.6 Class 6						0	0.0	0	0.0		
1.7 Totals	46,246,172	16,107,897	0	0	0	62,354,069	53.9	38,542,665	54.4	62,354,069	0
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Class 1						0	0.0	0	0.0		
2.2 Class 2						0	0.0	0	0.0		
2.3 Class 3						0	0.0	0	0.0		
2.4 Class 4						0	0.0	0	0.0		
2.5 Class 5						0	0.0	0	0.0		
2.6 Class 6						0	0.0	0	0.0		
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
3. States, Territories and Possessions etc., Guaranteed, Schedules D & DA (Group 3)											
3.1 Class 1						0	0.0	0	0.0		
3.2 Class 2						0	0.0	0	0.0		
3.3 Class 3						0	0.0	0	0.0		
3.4 Class 4						0	0.0	0	0.0		
3.5 Class 5						0	0.0	0	0.0		
3.6 Class 6						0	0.0	0	0.0		
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Class 1			174,605			174,605	0.2	174,566	0.2	174,605	
4.2 Class 2						0	0.0	0	0.0		
4.3 Class 3						0	0.0	0	0.0		
4.4 Class 4						0	0.0	0	0.0		
4.5 Class 5						0	0.0	0	0.0		
4.6 Class 6						0	0.0	0	0.0		
4.7 Totals	0	0	174,605	0	0	174,605	0.2	174,566	0.2	174,605	0
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Class 1	7,383,282	9,266,757	2,409,921	810,566	86,777	19,957,303	17.3	14,671,608	20.7	19,957,293	
5.2 Class 2						0	0.0	0	0.0		
5.3 Class 3						0	0.0	0	0.0		
5.4 Class 4						0	0.0	0	0.0		
5.5 Class 5						0	0.0	0	0.0		
5.6 Class 6						0	0.0	0	0.0		
5.7 Totals	7,383,282	9,266,757	2,409,921	810,566	86,777	19,957,303	17.3	14,671,608	20.7	19,957,293	0

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Priority Health

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Class 10	.0	.0	.0		
6.2 Class 20	.0	.0	.0		
6.3 Class 30	.0	.0	.0		
6.4 Class 40	.0	.0	.0		
6.5 Class 50	.0	.0	.0		
6.6 Class 6						0	0.0	0	0.0		
6.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Class 1	10,434,815	13,299,178	5,325,903			29,059,896	25.1	17,524,657	24.7	29,059,897	
7.2 Class 2		1,830,538	2,250,133			4,080,671	3.5	.0	0.0	4,080,671	
7.3 Class 30	0.0	.0	0.0		
7.4 Class 40	0.0	.0	0.0		
7.5 Class 50	0.0	.0	0.0		
7.6 Class 6						0	0.0	0	0.0		
7.7 Totals	10,434,815	15,129,716	7,576,036	0	0	33,140,567	28.7	17,524,657	24.7	33,140,568	0
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Class 10	0.0	.0	0.0		
8.2 Class 20	0.0	.0	0.0		
8.3 Class 30	0.0	.0	0.0		
8.4 Class 40	0.0	.0	0.0		
8.5 Class 50	0.0	.0	0.0		
8.6 Class 6						0	0.0	0	0.0		
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Class 10	0.0	.0	0.0		
9.2 Class 20	0.0	.0	0.0		
9.3 Class 30	0.0	.0	0.0		
9.4 Class 40	0.0	.0	0.0		
9.5 Class 50	0.0	.0	0.0		
9.6 Class 6						0	0.0	0	0.0		
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Priority Health

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

	1	2	3	4	5	6	7	8	9	10	11
Quality Rating per the NAIC Designation	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 6 as a % of Line 10.7	Total from Col. 6 Prior Year	% From Col. 7 Prior Year	Total Publicly Traded	Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1	64,064,269	38,673,832	7,910,429	810,566	86,777	111,545,873	96.5	XXX	XXX	111,545,864	.0
10.2 Class 2	.0	1,830,538	2,250,133	.0	.0	4,080,671	3.5	XXX	XXX	4,080,671	.0
10.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.5 Class 5	.0	.0	.0	.0	.0	(c) .0	0.0	XXX	XXX	.0	.0
10.6 Class 6	.0	.0	.0	.0	.0	(c) .0	0.0	XXX	XXX	.0	.0
10.7 Totals	64,064,269	40,504,370	10,160,562	810,566	86,777	(b) 115,626,544	100.0	XXX	XXX	115,626,535	.0
10.8 Line 10.7 as a % of Col. 6	55.4	35.0	8.8	0.7	0.1	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
11.1 Class 1	39,036,854	26,487,634	3,670,608	209,383	1,509,017	XXX	XXX	70,913,496	100.0	70,913,498	.0
11.2 Class 2	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.3 Class 3	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.4 Class 4	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.5 Class 5	.0	.0	.0	.0	.0	XXX	XXX	(c) .0	0.0	.0	.0
11.6 Class 6	.0	.0	.0	.0	.0	XXX	XXX	(c) .0	0.0	.0	.0
11.7 Totals	39,036,854	26,487,634	3,670,608	209,383	1,509,017	XXX	XXX	(b) 70,913,496	100.0	70,913,498	.0
11.8 Line 11.7 as a % of Col. 8	55.0	37.4	5.2	0.3	2.1	XXX	XXX	100.0	XXX	100.0	0.0
12. Total Publicly Traded Bonds											
12.1 Class 1	64,064,269	38,673,833	7,910,429	810,556	86,777	111,545,864	96.5	70,913,498	100.0	111,545,864	XXX
12.2 Class 2		1,830,538	2,250,133			4,080,671	3.5	.0	0.0	4,080,671	XXX
12.3 Class 3						.0	0.0	.0	0.0	.0	XXX
12.4 Class 4						.0	0.0	.0	0.0	.0	XXX
12.5 Class 5						.0	0.0	.0	0.0	.0	XXX
12.6 Class 6						0	0.0	0	0.0	0	XXX
12.7 Totals	64,064,269	40,504,371	10,160,562	810,556	86,777	115,626,535	100.0	70,913,498	100.0	115,626,535	XXX
12.8 Line 12.7 as a % of Col. 6	55.4	35.0	8.8	0.7	0.1	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	55.4	35.0	8.8	0.7	0.1	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Class 1						.0	0.0	.0	0.0	XXX	.0
13.2 Class 2						.0	0.0	.0	0.0	XXX	.0
13.3 Class 3						.0	0.0	.0	0.0	XXX	.0
13.4 Class 4						.0	0.0	.0	0.0	XXX	.0
13.5 Class 5						.0	0.0	.0	0.0	XXX	.0
13.6 Class 6						0	0.0	0	0.0	XXX	0
13.7 Totals	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

(a) Includes \$ freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

(b) Includes \$ current year, \$ prior year of bonds with Z designations and \$, current year, \$ prior year of bonds with Z* designations. The letter “Z” means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. “Z*” means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.

(c) Includes \$ current year, \$ prior year of bonds with 5* designations and \$, current year, \$ prior year of bonds with 6* designations. “5*” means the NAIC designation was assigned by the SVO in reliance on the insurer’s certification that the issuer is current in all principal and interest payments. “6*” means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Priority Health

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues											
Distribution by Type	1	2	3	4	5	6	7	8	9	10	11
	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 6 as a % of Line 10.7	Total from Col 6 Prior Year	% From Col. 7 Prior Year	Total Publicly Traded	Total Privately Placed
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Issuer Obligations	46,246,172	16,107,897	0			62,354,069	53.9	38,542,665	54.4	62,354,069	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
1.7 Totals	46,246,172	16,107,897	0	0	0	62,354,069	53.9	38,542,665	54.4	62,354,069	0
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Issuer Obligations						0	0.0	0	0.0		
2.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
2.3 Defined						0	0.0	0	0.0		
2.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
2.5 Defined						0	0.0	0	0.0		
2.6 Other						0	0.0	0	0.0		
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
3. States, Territories, and Possessions Guaranteed, Schedules D & DA (Group 3)											
3.1 Issuer Obligations						0	0.0	0	0.0		
3.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
3.3 Defined						0	0.0	0	0.0		
3.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
3.5 Defined						0	0.0	0	0.0		
3.6 Other						0	0.0	0	0.0		
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Issuer Obligations			174,605			174,605	0.2	174,566	0.2	174,605	
4.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
4.3 Defined						0	0.0	0	0.0		
4.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
4.5 Defined						0	0.0	0	0.0		
4.6 Other						0	0.0	0	0.0		
4.7 Totals	0	0	174,605	0	0	174,605	0.2	174,566	0.2	174,605	0
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Issuer Obligations	5,026,822	1,502,615				6,529,437	5.6	7,774,159	11.0	6,529,437	
5.2 Single Class Mortgage-Backed/Asset-Backed Securities	2,337,239	7,255,260	2,409,921	810,556	86,777	12,899,753	11.2	5,954,144	8.4	12,899,754	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
5.3 Defined	19,221	508,882				528,103	0.5	943,305	1.3	528,103	
5.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
5.5 Defined						0	0.0	0	0.0		
5.6 Other						0	0.0	0	0.0		
5.7 Totals	7,383,282	9,266,757	2,409,921	810,556	86,777	19,957,293	17.3	14,671,608	20.7	19,957,294	0

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Priority Health

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Issuer Obligations						0	0.0	0	0.0		
6.2 Single Class Mortgage-Backed/Asset-Based Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
6.3 Defined						0	0.0	0	0.0		
6.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
6.5 Defined						0	0.0	0	0.0		
6.6 Other						0	0.0	0	0.0		
6.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Issuer Obligations	10,434,815	13,784,768	7,576,036			31,795,619	27.5	15,235,101	21.5	31,795,619	
7.2 Single Class Mortgage-Backed/Asset-Based Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
7.3 Defined						0	0.0	0	0.0		
7.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
7.5 Defined						0	0.0	0	0.0		
7.6 Other			1,344,948			1,344,948	1.2	2,289,557	3.2	1,344,947	
7.7 Totals	10,434,815	13,784,768	8,920,984	0	0	33,140,567	28.7	17,524,658	24.7	33,140,566	0
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Issuer Obligations						0	0.0	0	0.0		
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parents, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Issuer Obligations						0	0.0	0	0.0		
9.2 Single Class Mortgage-Backed/Asset-Based Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
9.3 Defined						0	0.0	0	0.0		
9.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
9.5 Defined						0	0.0	0	0.0		
9.6 Other						0	0.0	0	0.0		
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Priority Health

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total From Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations	61,707,809	31,395,280	7,750,641	0	0	100,853,730	87.2	XXX	XXX	100,853,730	0
10.2 Single Class Mortgage-Backed/Asset-Backed Securities	2,337,239	7,255,260	2,409,921	810,556	86,777	12,899,753	11.2	XXX	XXX	12,899,754	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
10.3 Defined	19,221	508,882	0	0	0	528,103	0.5	XXX	XXX	528,103	0
10.4 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
10.5 Defined	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.6 Other	0	0	1,344,948	0	0	1,344,948	1.2	XXX	XXX	1,344,947	0
10.7 Totals	64,064,269	39,159,422	11,505,510	810,556	86,777	115,626,534	100.0	XXX	XXX	115,626,534	0
10.8 Line 10.7 as a % of Col. 6	55.4	33.9	10.0	0.7	0.1	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
11.1 Issuer Obligations	36,660,342	20,756,202	2,809,947	0	1,500,000	XXX	XXX	61,726,491	87.0	61,726,492	0
11.2 Single Class Mortgage-Backed/Asset-Backed Securities	1,162,648	3,712,434	860,662	209,383	9,017	XXX	XXX	5,954,144	8.4	5,954,145	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
11.3 Defined	764,471	178,834	0	0	0	XXX	XXX	943,305	1.3	943,305	0
11.4 Other	0	0	0	0	0	XXX	XXX	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
11.5 Defined	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.6 Other	449,393	1,840,164	0	0	0	XXX	XXX	2,289,557	3.2	2,289,557	0
11.7 Totals	39,036,854	26,487,634	3,670,609	209,383	1,509,017	XXX	XXX	70,913,497	100.0	70,913,499	0
11.8 Line 11.7 as a % of Col. 8	55.0	37.4	5.2	0.3	2.1	XXX	XXX	100.0	XXX	100.0	0.0
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	61,707,809	31,395,280	7,750,641			100,853,730	87.2	61,726,491	87.0	100,853,730	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Securities	2,337,239	7,255,260	2,409,921	810,556	86,777	12,899,753	11.2	5,954,144	8.4	12,899,753	XXX
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
12.3 Defined	19,221	508,882				528,103	0.5	943,305	1.3	528,103	XXX
12.4 Other						0	0.0	0	0.0	0	XXX
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
12.5 Defined						0	0.0	0	0.0	0	XXX
12.6 Other			1,344,948			1,344,948	1.2	2,289,557	3.2	1,344,948	XXX
12.7 Totals	64,064,269	39,159,422	11,505,510	810,556	86,777	115,626,534	100.0	70,913,497	100.0	115,626,534	XXX
12.8 Line 12.7 as a % of Col. 6	55.4	33.9	10.0	0.7	0.1	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	55.4	33.9	10.0	0.7	0.1	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Issuer Obligations						0	0.0	0	0.0	XXX	0
13.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0	XXX	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
13.3 Defined						0	0.0	0	0.0	XXX	0
13.4 Other						0	0.0	0	0.0	XXX	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
13.5 Defined						0	0.0	0	0.0	XXX	0
13.6 Other						0	0.0	0	0.0	XXX	0
13.7 Totals						0	0.0	0	0.0	XXX	0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

SCHEDULE DA - PART 2

Verification of SHORT-TERM INVESTMENTS Between Years					
	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets(a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, prior year	29,599,727	29,599,727	0	0	0
2. Cost of short-term investments acquired	79,921,508	79,921,508			
3. Increase (decrease) by adjustment	(1,174,746)	(1,174,746)			
4. Increase (decrease) by foreign exchange adjustment	0				
5. Total profit (loss) on disposal of short-term investments	0				
6. Consideration received on disposal of short-term investments	51,190,000	51,190,000			
7. Book/adjusted carrying value, current year	57,156,489	57,156,489	0	0	0
8. Total valuation allowance	0				
9. Subtotal (Lines 7 plus 8)	57,156,489	57,156,489	0	0	0
10. Total nonadmitted amounts	0				
11. Statement value (Lines 9 minus 10)	57,156,489	57,156,489	0	0	0
12. Income collected during year	140,175	140,175			
13. Income earned during year	626,021	626,021			

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:

Schedule DB - Part A - VBY
NONE

Schedule DB - Part B - VBY
NONE

Schedule DB - Part C - VBY
NONE

Schedule DB - Part D - VBY
NONE

Schedule DB - Part E - VBY
NONE

Schedule DB - Part F - Section 1
NONE

Schedule DB - Part F - Section 2
NONE

Schedule S - Part 1 - Section 2
NONE

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Priority Health

SCHEDULE S - PART 2

Reinsurance Recoverable on Paid and Unpaid Losses Listed by Reinsuring Company as of December 31, Current Year

[illegible]

51

51

51

51

52

Reinsurance Ceded to Unauthorized Companies

[illegible]

Schedule S-Part 5
Five-Year Exhibit of Reinsurance Ceded Business
(000 Omitted)

	1 2003	2 2002	3 2001	4 2000	5 1999
A. OPERATIONS ITEMS					
1. Premiums.....	1,517	1,283	1,111	1,488	1,488
2. Title XVIII-Medicare.....	0	0	0	0	0
3. Title XIX-Medicaid.....	0	117	117	111	181
4. Commissions and reinsurance expense allowance.....		0	0	0	0
5. Total hospital and medical expenses.....		0	0	0	0
B. BALANCE SHEET ITEMS					
6. Premiums receivable		0	0	0	0
7. Claims payable.....		0	0	0	0
8. Reinsurance recoverable on paid losses.....	139	0	0	515	447
9. Experience rating refunds due or unpaid.....		0	0	0	0
10. Commissions and reinsurance expense allowances unpaid.....		0	0	0	0
11. Unauthorized reinsurance offset.....	0	0	0	0	0
C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)					
12. Funds deposited by and withheld from (F).....	0	0	0	0	0
13. Letters of credit (L).....	0	0	0	0	0
14. Trust agreements (T).....	0	0	0	0	0
15. Other (O)	0	0	0	0	0

SCHEDULE S-PART 6
Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	1	2	3
	As Reported (net of ceded)	Restatement Adjustments	Restated (gross of ceded)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 10)	208,064,541		208,064,541
2. Accident and health premiums due and unpaid (Line 12).....	5,900,266		5,900,266
3. Amounts recoverable from reinsurers (Line 13.1).....	138,874		138,874
4. Net credit for ceded reinsurance.....	XXX	188,874	188,874
5. All other admitted assets (Balance).....	8,282,958		8,282,958
6. Total assets (Line 26)	222,386,639	188,874	222,575,513
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7. Claims unpaid (Line 1).....	71,525,377	188,874	71,714,251
8. Accrued medical incentive pool and bonus payments (Line 2).....	33,897,648		33,897,648
9. Premiums received in advance (Line 8).....	14,117,638		14,117,638
10. Reinsurance in unauthorized companies (Line 18).....	0		0
11. All other liabilities (Balance).....	2,905,485		2,905,485
12. Total liabilities (Line 22).....	122,446,148	188,874	122,635,022
13. Total capital and surplus (Line 30).....	99,940,491	XXX	99,940,491
14. Total liabilities, capital and surplus (Line 31)	222,386,639	188,874	222,575,513
NET CREDIT FOR CEDED REINSURANCE			
15. Claims unpaid.....	188,874		
16. Accrued medical incentive pool.....	0		
17. Premiums received in advance	0		
18. Reinsurance recoverable on paid losses	0		
19. Other ceded reinsurance recoverables	0		
20. Total ceded reinsurance recoverables	188,874		
21. Premiums receivable	0		
22. Unauthorized reinsurance	0		
23. Other ceded reinsurance payables/offsets	0		
24. Total ceded reinsurance payable/offsets	0		
25. Total net credit for ceded reinsurance	188,874		

57

PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

[illegible]

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your annual statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING

1.

Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?.....

Yes [☐] No [☒]
2.

Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?.....

Yes [☒] No [☐]
3.

Will an actuarial certification be filed by March 1?.....

Yes [☒] No [☐]
4.

Will the Risk-based Capital Report be filed with the NAIC by March 1?.....

Yes [☒] No [☐]
5.

Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?.....

Yes [☒] No [☐]
6.

Will the SVO Compliance Certification be filed by March 1?

Yes [☒] No [☐]
7.

Will the Life Supplement be filed the state of domicile and the NAIC by March 1?

Yes [☐] No [☒]
8.

Will the Property/Casualty Supplement be filed the state of domicile and the NAIC by March 1?.....

Yes [☐] No [☒]

APRIL FILING

9.

Will Management's Discussion and Analysis be filed by April 1?.....

Yes [☒] No [☐]
10.

Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile by April 1?.....

Yes [☐] No [☒]
11.

Will the Investment Risks Interrogatories be filed by April 1?

Yes [☒] No [☐]

JUNE FILING

12.

Will an audited financial report be filed by June 1 with the state of domicile?

Yes [☒] No [☐]

EXPLANATIONS:

1. n/a


7. n/a


8. n/a


10. n/a


BAR CODE:

1.


9 5 5 6 1 2 0 0 3 3 6 0 5 8 0 0 0
7.


9 5 5 6 1 2 0 0 3 2 0 5 0 0 0 0 0
8.


9 5 5 6 1 2 0 0 3 2 0 7 0 0 0 0 0
10.


9 5 5 6 1 2 0 0 3 3 3 0 5 8 0 0 0

OVERFLOW PAGE FOR WRITE-INS

M016 Additional Aggregate Lines for Page 16 Line 4.
*EXNONADMIT

0404. Healthcare Receivables.....	3,413,481	0	(3,413,481)
0497. Summary of remaining write-ins for Line 4 from Page 16	3,413,481	0	(3,413,481)